

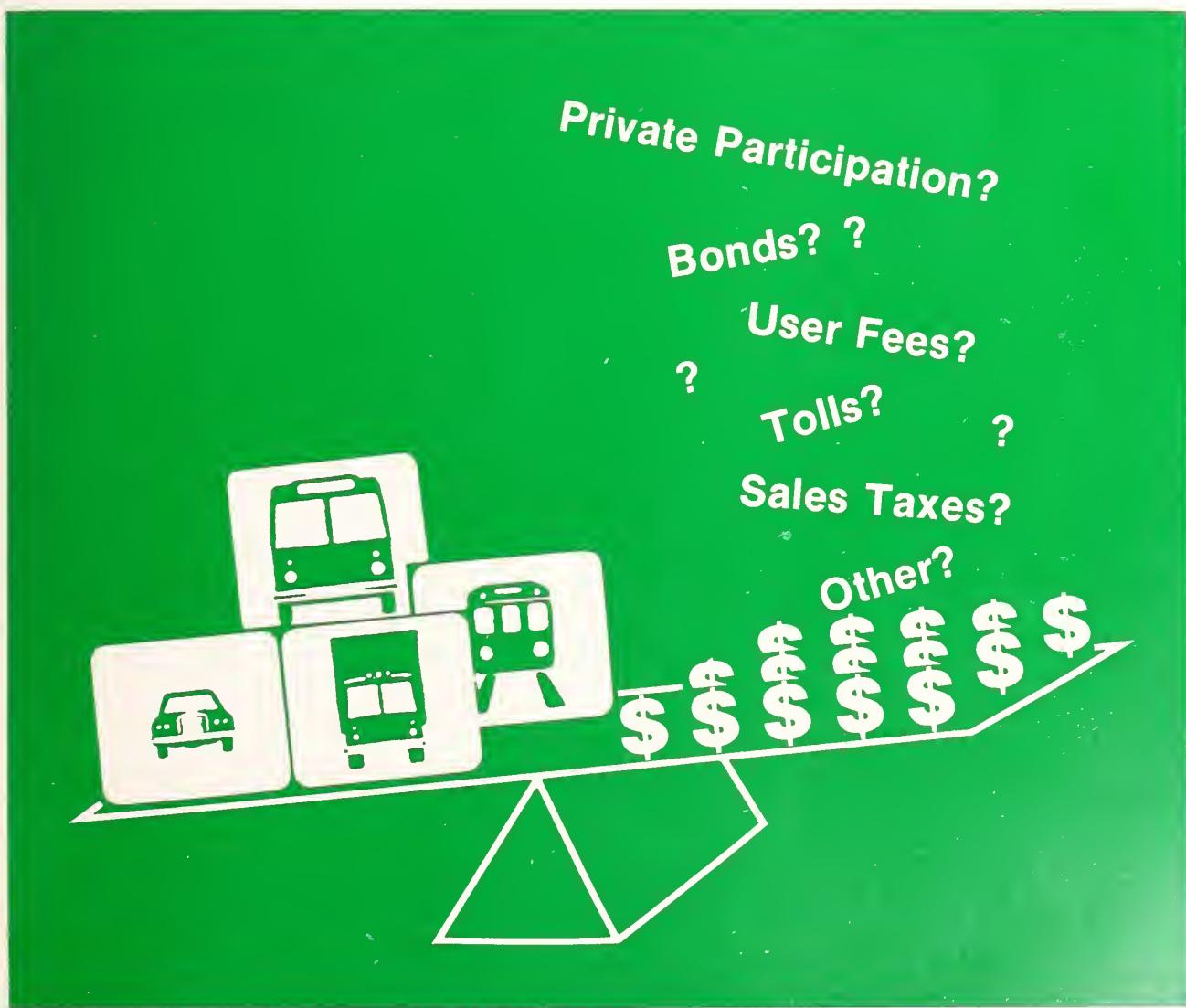


U.S. Department  
of Transportation  
Federal Highway  
Administration

# PRIVATE SECTOR INVOLVEMENT IN URBAN TRANSPORTATION

Bruce

DECEMBER 1986



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# **PRIVATE SECTOR INVOLVEMENT IN URBAN TRANSPORTATION**

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**Prepared by**

**Joint Center for Urban Mobility Research**  
Rice Center  
Nine Greenway Plaza, Suite 1900  
Houston, Texas 77046

**Prepared for**

**Federal Highway Administration**  
**Urban Mass Transportation Administration**  
**U.S. Department of Transportation**  
**Washington, D.C. 20590**

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# Preface

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The urban transportation planning process is undergoing critical changes. Of particular interest is the emergence of private sector involvement in the planning, management, financing and construction of transportation systems and in the provision of transit services.

Government officials have come to realize that they cannot solve urban mobility problems alone, and they are increasingly looking to the private sector for new solutions.

This report, financed by the Federal Highway Administration (FHWA) and the Urban Mass Transportation Administration (UMTA), reviews successful experiences with private sector involvement and recommends different ways to improve public/private partnerships at the State, regional and local level.

Public/private partnerships in more than 40 communities were reviewed in 1985 as part of this project. Six of those cases were studied in further detail. These case studies cover the highway and

transit modes and represent all major groups of private sector participants, including local businesses and community groups, major developers and transit service providers. Three of the six case studies examined the private sector involvement in the planning process. These consisted of a regional mobility planning effort in Chicago's northern suburbs; a city-wide effort to address Cleveland's deteriorating infrastructure; and a neighborhood transportation management plan for Dallas. Two experiences with private sector involvement in transit service provision were studied in Chicago and Los Angeles. Finally, Los Angeles' newly adopted development fee ordinance was reviewed.

All the cases can be characterized as promising innovations because obstacles both from the governmental and the business sectors were overcome and planning processes with broader private sector participation were established.

This volume is organized into four sections. It provides a broad

overview of the opportunities available and briefly reviews a wide variety of techniques followed by successful applications in 20 cities across the nation. A case study volume upon which this booklet is based is expected to be available in early 1987.

Rice Center was assisted in this project by the consulting firms of Barry M. Goodman Associates Inc. and Gardner and Holman. The project benefitted from the cooperation of individuals in public agencies and the private sector who assisted the research team in the case studies. The members in the project's review committee provided critical contribution in key phases of the project. Any errors in data or facts are the responsibility of the Rice Center. The report does not necessarily reflect the opinions of FHWA or UMTA.

# **Members of the Project Review Committee**

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Stanton D. Anderson

Anderson, Hibley, Nauheim, and Blair  
Washington, D.C.

Robert Bolen

Mayor  
City of Fort Worth  
Fort Worth, Texas

Sheila Burns

Chief Administrator  
Regional Transit Authority  
New Orleans, Louisiana

Richard H. Bradley

President  
International Downtown Executives  
Association  
Washington, D.C.

Wendell Cox

Consultant  
Belleville, Illinois

Thomas B. Deen

Executive Director  
Transportation Research Board  
Washington, D.C.

Michael W. Lewis

Chief Deputy Supervisor  
First District, County of  
Los Angeles  
Los Angeles, California

The Honorable Jon Lindsay  
Harris County Judge  
Houston, Texas

C. Kenneth Orski

President  
Urban Mobility Corporation  
Washington, D.C.

Omer Poorman

District Engineer  
Texas State Department of Highways and Public  
Transportation  
Houston, Texas

George J. Scheuerstuhl

Chairman Transportation Division  
American Planning Association  
Denver Regional Council of Governments  
Denver, Colorado

Jon L. Shebel

President  
Associated Industries of Florida  
Tallahassee, Florida

Robert Rade Stone

President  
National Association of Regional Councils  
Washington, D.C.

John B. Turner, Jr.

President  
Friendswood Development Company  
Houston, Texas

Phillip L. Wilson

State Transportation Planning Engineer  
Texas State Department of Highways and Public  
Transportation  
Austin, Texas

# The Context for Public/Private Partnerships

## Need for Public/Private Partnerships

The growing complexity of urban transportation problems has demonstrated the need for public/private cooperation. Local governments have come to realize that they cannot solve their mobility problems alone. They need to involve major employers, developers, private transit providers and businesses in the planning and implementation of transportation programs.

## Rising Highway Costs

Cities and States are caught in a dilemma between rising costs and decreasing revenues. Highway programs and transit services are especially hard hit by these conditions. For example, highway maintenance costs increased by 122 percent from 1974 to 1984, while general highway revenues increased by only 92 percent, a 30 percent shortfall. Because maintenance was deferred, roads have deteriorated to a greater extent, and will now cost more to repair. The result has immediate repercussions for economic development.

## Transit Subsidies

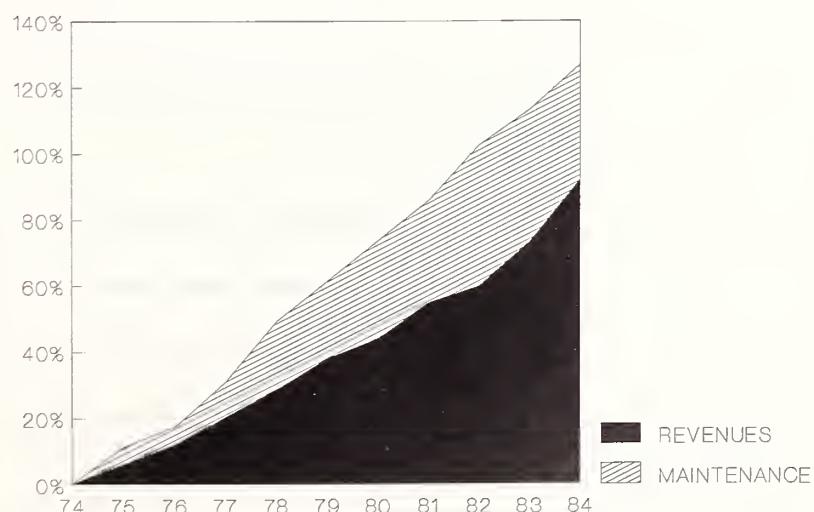
The problem of rising transit costs and operating subsidies is complex

and has been developing for a number of years. In addition to inflation and unstable fuel prices, costs have been escalating because the nation's transit systems have been slow to respond to new demands brought on by changing demographics. As households and businesses moved to the suburbs there has been a steady decline in ridership. In an effort to reverse this trend and to increase the political constituency of mass transit, fares have been kept artificially low. This has increased operating deficits.

## Government Operations

There is a growing perception that past government practices have favored public transit monopolies and made competition difficult, thus perpetuating wasteful practices and unnecessary costs.

The jurisdictional fragmentation, competing interests among central cities and suburbs, as well as residential neighborhoods and commercial interests, have made reaching regional consensus on areawide transportation policies difficult.



Growth rates for highway revenues and maintenance costs.

*Private actions fundamentally influence urban development and travel demand, and must be considered in the transportation planning process.*

## Benefits from Private Sector Involvement

A search for solutions has focussed on ways to involve the private sector in transportation planning and implementation . The public sector can gain the following benefits from private sector involvement:

- o financial support for projects,
- o competition to drive down costs, and improve quality of service, and
- o business expertise.

To encourage private sector interest, the public sector must allow greater participation in the planning process. Early involvement means greater commitment and better project follow through. The private sector gains:

- o joint development opportunities,
- o the chance to compete in the provision of transit services,
- o better information on government plans and projects.

The case studies described in the next two chapters show how different cities formed successful public/private partnerships. Before



going into the case studies, it is important to introduce the players on both sides.

## Government Bodies

The public sector must provide for the mobility needs of the general public. The following political bodies are involved.

### States

States have the money and power to plan highway projects and carry them through. They have to balance the needs of urban and rural areas. In addition to their own highway system, States receive funding from the Federal Highway Administration to build highways



of Federal interest, such as the Interstate System. States also have the power to create regional agencies.

## Cities

Cities have the responsibility for planning, building and maintaining local streets and roads. Through their control of land use they can influence travel demand. However, their actions are constrained by State enabling legislation.

City planners have the opportunity to work directly with real estate developers, and to negotiate agreements as part of the public review process of granting zoning or building permits for projects. City redevelopment authorities frequently get involved in joint ventures with the private sector.

## Counties

Counties are assuming growing importance in the planning, financing and delivering of transportation services, although their

roles vary considerably from place to place.

## Local Transit Agencies

Local transit agencies are responsible for planning, developing and operating the transit system. They are established through State statutes and, in many areas, have considerable independence. They may have their own taxing powers and directly receive Federal appropriations.

## Metropolitan Planning Organizations

MPOs are the agencies responsible for the regional transportation planning for urbanized areas over 50,000, as mandated by the U. S. Department of Transportation. MPOs vary widely in terms of the roles they play, their organizational structures and their implementation responsibilities. Nearly all are responsible for preparing the following:

- o Regional Transportation Plan (RTP),
- o Transportation Improvement Program (TIP), and
- o Unified Planning Work Program (UPWP).



Transit and road agencies must have their projects in the TIP before they can receive Federal funds. MPOs serve as the coordinators of regional transportation priorities and regional policies. They also usually provide technical support and staff assistance to local governments and other public agencies. Many MPOs fit under the voluntary council of governments format, while others are associated with regional planning commissions. MPOs receive UMTA and FHWA planning funds to support their operations.

## Private Sector Bodies

The private sector is comprised of individuals and organizations that represent four major groups.

### Businesses

Businesses and large employers depend on transportation for

movement of their goods and their workers. Organizations such as the Chamber of Commerce are concerned about improving the general business climate, which depends on a good transportation infrastructure.

Many transportation system management techniques to improve mobility, such as ridesharing, staggered work hours, employer subsidized transit passes, and the elimination of employer subsidized parking, lie outside the jurisdiction of the public sector and essentially depend on the major employer's initiatives.

### Developers

Real estate developers and property owners are interested in increasing the accessibility and value of their sites.

### Transportation Providers

Transit service providers, such as taxi and charter bus operators, want to develop new markets.

### Others

Special interest groups, including vehicle manufacturers and professional consultants, have an interest in being involved in the transportation planning process.

The private sector needs timely knowledge of public policy and program changes and an efficient public review process. They need clearly defined regulations and consistent and fair review procedures.

*Competition and good management practices result in cost reduction and higher quality of service.*

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## Strengths and Weaknesses of the Two Sectors

### The Private Sector is Efficient and Flexible

Evidence from studies in the U.S. and abroad comparing the efficiency of private vs. public provision of a variety of services indicate that the private sector tends to be more cost conscious and more flexible than the public sector. However, competition between the two sectors tends to narrow the cost differences. In addition, public agencies cannot adapt to market signals as fast as private firms.

### The Public Sector Serves the Public Interest

Comparative efficiency studies are complicated because of the different nature and objectives of the two sectors. For example, while the private sector is primarily interested in a direct economic return, government agencies are expected to adhere to various statutory requirements, such as labor hiring practices and citizen participation and environmental protection requirements, which increase the cost of providing services.

Public agencies are expected to retain full policy control and to

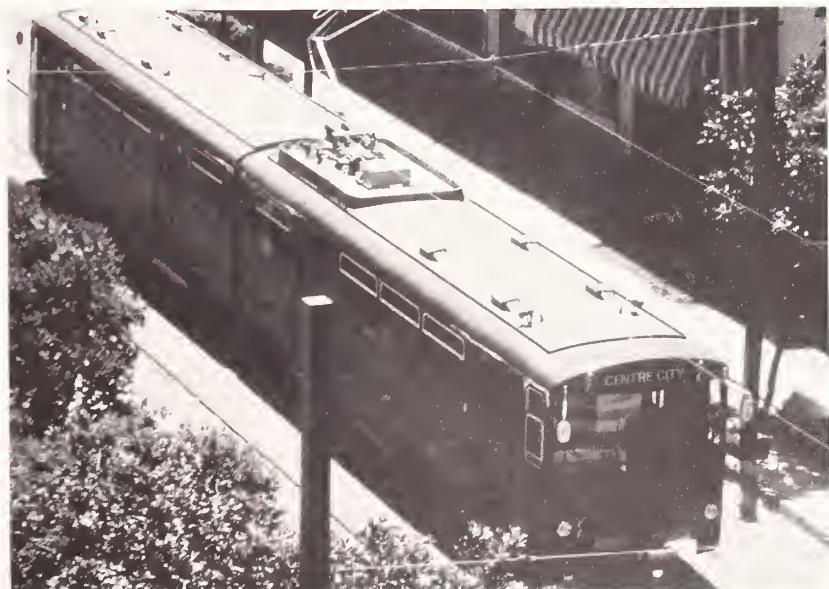
monitor private sector performance to ensure quality of service and compliance with contract provisions.

### Competition and Good Management is the Key

There is general agreement that cost reduction and higher quality of service can be achieved through competition and good management practices. The private sector has realized that in order for employees to be productive they need

proper motivation and challenge. This may be achieved through competition, pride, team spirit, monetary rewards, or the threat of job losses.

The public and private sectors can cooperate productively by capitalizing on their strengths. The preliminary steps in forming successful public/private partnerships include education and communication, which are the ones this report begins to address.



*The private sector benefits from publicly funded transportation improvements and the public sector should be able to recapture part of that value.*



## Opportunities for Increased Private Sector Involvement

The public sector can involve the private sector in all phases of the transportation planning and implementation process. Early interaction ensures implementation interest.

### Planning

The next chapter will begin by identifying a variety of means to

attract the private sector into the planning process. The private sector can:

- o identify problems,
- o assist in developing ideas,
- o lobby and package programs, and
- o assist in programming and coordination.

### Implementation

During the implementation of transportation projects, the private sector can:

- o finance design and engineering studies,
- o provide capital financing,
- o contract for services,
- o construct facilities, and
- o manage operations and maintenance.

## In Summary

The goals of public/private partnerships are to:

- o spread financial responsibilities,
- o provide opportunities for business expansion,
- o provide improved and less costly transportation services to the public, and
- o meet private sector profit goals and public sector service goals.

The following two sections present alternative ways to involve the private sector, and review case studies of areas that successfully applied public/private partnerships.

# Planning with Private Sector Participation

Local public planning officials realize that if the private sector can be involved early on in the planning process, they will be more willing to marshall the public support necessary to turn plans into reality.

Private sector involvement in the transportation planning process can result from initiatives by either the public or the private sector. The examples below illustrate a variety of ways to achieve private sector participation.

## Public Planning Initiatives

Private sector representatives may serve on civic boards and committees to develop specific projects, or, for a more extended period, may provide advice on general transportation policy matters.

As participants in the planning process, the private sector can give advice about private interests or they can represent the interests of

a segment of the general public in a policy making role.

### Ad-Hoc Task Force

This type of group is formed with broad representation from business and community leaders and meets to solve specific problems. The San Antonio Tri-Party Initiative and the Central Expressway Task Force in Dallas are examples of ad-hoc task forces that have resulted in innovative planning arrangements.

#### San Antonio - Tri-Party Downtown Transportation Initiative

*Concerns about the effect of the projected growth in downtown San Antonio on existing traffic, transit, and pedestrian facilities led to the formation of the Tri-Party Downtown Transportation Initiative in January 1984.*

*Through Mayor Cisneros' initiative, the City government, VIA Metropolitan Transit and the Downtown Owners' Association met for the first time in San Antonio's history and established a set of operational goals, along with a list of possible policy options.*

*These options were then evaluated as components in the comprehensive program, which included upgrading and in some cases expanding sidewalks on major downtown streets, upgrading bus stops,*



improving pedestrian access, and channelizing traffic to improve bus accessibility.

*In October 1985, a \$22.7 million UMTA grant was secured to be matched locally by \$7 million from VLA, \$5 million from a City bond issue and \$5 million from the Downtown Owners' Association, which is to be raised through a special benefit assessment district.*

#### Dallas - North Central Expressway Committee

*In 1984, the city of Dallas and the newly formed Dallas Area Rapid Transit (DART) Authority sponsored a \$2 million study to analyze transportation alternatives for the heavily congested North Central*

*Expressway, and to set up a North Central Task Force. The study integrates the highway facility with the proposed light rail system.*

*The Task Force has a 45 member citizen advisory committee appointed by the Mayor of Dallas DART's Board of Directors, and a professional resource group representing volunteer architecture, planning, and engineering interests associated with the technical team.*

*DART and community officials chose the best alternative in consultation with the Citizens' Advisory Committee.*

**Financing** - *The involvement of the private sector saved time and money for Dallas citizens. This is the first*

*time that a local government took the lead in designing and financing a State highway. Because the State will not have to use any Federal aid for the project, bypassing Federal reviews will save several years in project implementation and allow for experimentation with a custom made design for the corridor.*

*The 10-mile segment has been estimated to cost \$130 million for right-of-way and \$330 million for construction. The City agreed to raise about \$42 million in public and private funds for construction and assume 25 percent of the cost of right-of-way, although normally, Texas cities cover 10 percent of right-of-way costs. Innovative techniques such as transferring development rights, tax incentives*





*and minor freeway redesign have been used to entice private donations of land and to make the design acceptable to adjacent property owners.*

### **Technical Advisory Committee**

Expert advice to policy-making bodies can come from citizens or technical experts. The Denver Transportation Finance Task Force is a good example of involvement by representatives of the private sector, including citizens and various special interest groups.

### **Denver - Transportation Finance Task Force**

*As a response to forecasts of revenue shortfalls, the Denver Regional Council of Governments (DRCOG), established a broad based public/private Transportation Finance Task Force. The task force had 40 members drawn from city council, county commissioners, transportation officials and other government agencies, as well as chambers of commerce and labor associations and contractors.*

*The Task Force recommended an incrementally staged additional motor fee tax of 5.6 cents per*

*gallon, a vehicle registration fee averaging \$7 per vehicle, and removal of the exemption of motor fuel from the current three percent sales tax.*

*For the proposed transit system, the task force recommended establishment of a Metropolitan Transportation Infrastructure Fund administered by an independent body empowered to present financing proposals for public vote.*

*When small transit operators got organized, coordinated their activities and lobbied for their interests, they were able to produce results.*



### **Policy Committee**

This type of committee is empowered with decision-making authority. In Chicago the private sector has been given a voting membership on a policy committee.

#### **Chicago - MPO Private Transit Providers Representation**

*The Chicago area has one of the largest concentrations of private transit providers in the U.S. At the request of a private providers group, the Metropolitan Transportation Association, a representative from the private sector providers now sits on the MPO's policy committee.*

*It is hoped that this representation will ensure communication between public and private operators and open the committee to consideration of the benefits that private operators can provide.*

### **Ad Hoc Meeting**

It is becoming common to invite private sector representatives to a public meeting to inform them of new public policies and programs and advise them of potential business opportunities. In response to UMTA directives, the Delaware Valley Regional Planning Commission and other MPOs are holding such meetings where local private operators are made aware of contracting opportunities in their region.

### **Private Planning/ Management Initiatives**

Private sector efforts are often undertaken to address needs that are

not perceived to be adequately filled by the public sector. Regional and subarea mobility planning and management initiatives are considered to be promising areas for private sector involvement.

### **Regional Mobility Planning**

The basic elements of the regional mobility planning process include:

- o development of inter-agency cooperation,
- o recognition of the interdependence of highway, arterial, and transit systems,
- o development of an agreed upon data base,
- o definition of adequate standards, and
- o assessment of funding availability.

Regional mobility planning allows significant input and involvement from the private sector and, in turn, enhances the credibility of identified mobility improvements. It also provides an opportunity to achieve necessary financial resources to support them.

*Houston's Regional Mobility Plan was initiated and funded by the private sector.*

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The Houston Regional Mobility Planning Process has received national attention and has become a model of private sector involvement in transportation planning for other cities to imitate. The experiences in Cleveland and the northern suburbs of Chicago are other types of regional mobility type efforts.

**Houston - Regional Mobility Plan**  
*From 1970 to 1980 traffic in Houston grew to a critical level of congestion. The freeway system was expanded by only 22 percent, while freeway travel increased by 106 percent. In response to Houston's mobility needs, a group composed of high level representatives of the public and private sectors spearheaded by the Houston Chamber of Commerce, developed a regional mobility plan. The plan was prepared without the use of public funds, relying solely on contributions from the private sector.*

**Planning -** *The goal of the fifteen-year comprehensive plan was to return mobility to its 1974 level and reduce travel times and congestion.*

*A public/private sector Technical Task Force was also formed to define standard criteria for assessing needs and acceptable levels of congestion, and to recommend mechanisms for achieving the plan's goals.*

**Financing -** *A finance committee made up of agency officials and local professionals was established to address funding needs and suggest alternative funding strategies. A legislative committee was also formed to keep track of State legislative activities related to transportation funding.*

*Of the \$17.4 billion needed to implement the entire plan over the next 13 years, \$9.1 billion is expected to come from existing funding sources. The remaining \$8.3 billion is expected to be raised through a variety of options including:*

- o increasing the percentage of State highway funds allocated to the Houston area,*
- o issuance of bonds for city and county road street improvements,*
- o increasing the State motor fuel tax,*
- o increasing motor vehicle registration fees, and*
- o toll road financing.*

*Funding also is expected to come from the private sector in the form of developers' contributions of right-of-way for highway projects.*

**A Success Story -** *Since the plan was developed, many of the goals have materialized, indicating a broad community commitment.*

- o The County Toll Road Authority has been created,*
- o local funding for streets has increased, and*
- o coordination, both at the policy level and for project design, has greatly improved.*
- o The State has also benefitted by 1/2 billion dollars from the private sector in engineering, design and right-of-way donations.*

**Continuing Effort -** *Although the Regional Mobility Plan was completed in February 1982, its Technical Task Force continues to meet regularly to update and expand the plan and monitor implementation. The Houston Galveston Area Council, the region's MPO, was not initially involved in the planning, however, it is now an active participant in overseeing the implementation process.*

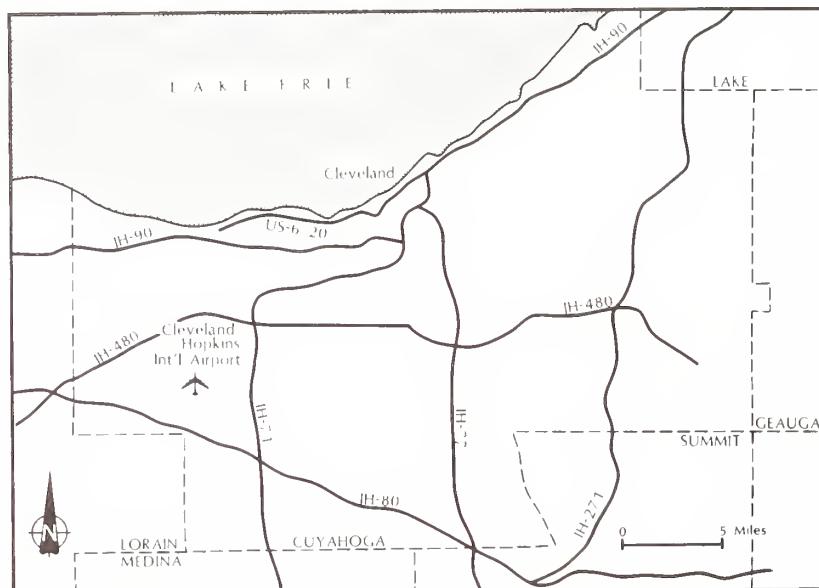
*One of the greatest assets that major corporate leaders have to offer is their time, "clout" and persuasive powers when lobbying for support of community transportation plans.*

### Cleveland - Community Capital Investment Strategy

*Cleveland is experiencing transportation problems common to older cities. Aging infrastructure has created a strain on a transportation system serving a population which has actually declined 13 percent since 1970. The Greater Cleveland Growth Association, a chamber of commerce-type group of community leaders, initiated meetings with public officials to address the problem of the deterioration which affects all facets of Cleveland's transportation system.*

*A Community Capital Investment Strategy was developed to identify public investment goals and priorities and to recommend a feasible financing plan. The effort was made possible through funding from two private non-profit foundations and five cooperating local government agencies. A Policy Committee also was organized in 1981. It was composed of private sector participants from business, banking, law and industry, and public sector representatives including top officials from local and State agencies.*

*Criteria for prioritizing projects included health and safety considerations, economic development impacts, cost effectiveness and legal mandates. The adopted program targets county and city bridges for repairs, in addition to a stepped up*



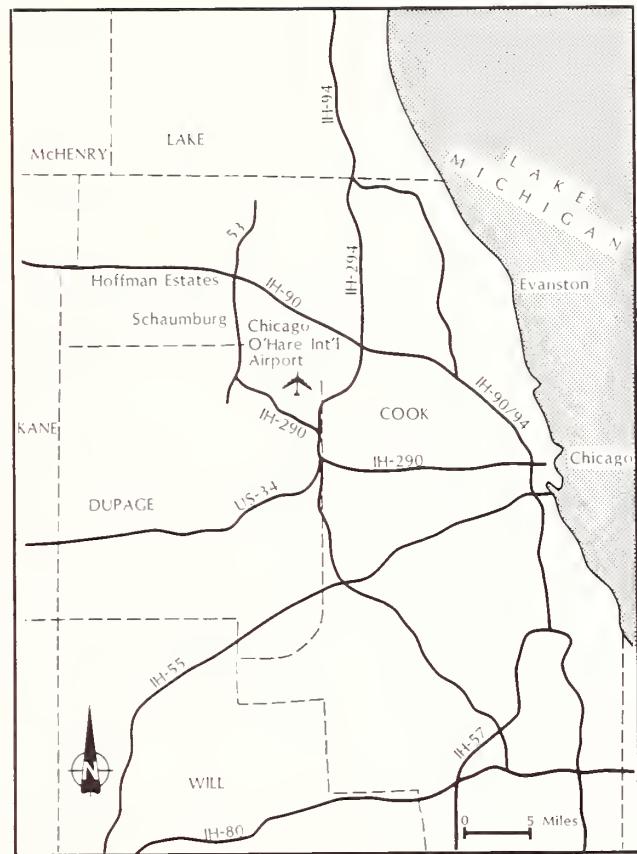
*road resurfacing program to improve city streets and freeways.*

**Financing** - The estimated cost of restoring area infrastructure has been estimated to reach \$1.6 billion over a five year period. A shortfall of \$650 million to \$866 million needs to be covered by new funds. Part of the financing will come from issuance of general obligation bonds and increased property taxes. An increase in auto license fees also is being considered.

**Results** - The initial results have been a high level of coordination among government agencies. The greatest contribution of the private sector has been in educating elected

officials and other members of the private sector to more effectively use their "clout" in lobbying for funds.

In addition, private sector participation in planning has lent credibility and support to the program among voters who ultimately will need to approve the funding plans. Although the role of the MPO in this project has been limited to data provision and simulation modeling, the need exists for a regional agency to monitor the program implementation and updates.



## Chicago - Northern Suburbs

### Mobility Planning

*The population's flight to the suburbs around Chicago has created a severe strain on the already congested transportation system. Competition among governmental units in the suburban communities has exacerbated the process of securing a regional consensus on specific transportation needs and funding requirements.*

**Planning** - In order to facilitate regional planning, the Northwest Municipal Conference, a regional association of thirty-two municipalities and townships, helped to organize a public/private task force to examine transportation in the Northwest suburbs.

The task force is composed of representatives of participating Chambers of Commerce, major corporations in the area, municipalities and the Conference. Staff assistance is being provided by the Conference and State and local governmental agencies. Private funding is the primary support of the task force.

The task force is working to develop a common transportation and economic development data base, and to consider recommendations on transit, road and traffic control improvements. The study has two phases: needs identification, and financial planning. Following the completion of the study in June

1986, the task force is continuing as an ongoing regional entity charged with monitoring and updating the transportation plan. The Conference has considerable influence over the application of available funding in its jurisdiction and will insure that the transportation plan developed by the task force will be used for allocating transportation funds.

**Financing** - Area municipalities are testing various concepts of private sector financing, including developer contribution to a pool of transportation improvement funds. Development fees and right-of-way donations are the most likely sources of funds for capital improvements. The local consensus is that the greatest asset the private sector has to offer is its persuasive powers with legislators and government funding agencies. The role of the MPO, the Chicago Area Transportation Study, in this program has been primarily to provide technical assistance and some funding.

### Management of Activity Center Mobility

Transportation Management Associations (TMAs) are nonprofit groups of employers, property owners, developers and civic leaders who pool resources to address community transportation needs.

TMAs in various cities are assuming responsibilities for

- o managing ridesharing programs,
- o running shuttle bus service to commuter rail stations,
- o coordinating staggered work hours programs, and
- o initiating programs of traffic flow improvements.

More active TMAs are lobbying for local transportation improvements, carrying out congestion

*A public/private partnership in Dallas has produced an innovative plan which can handle the traffic increase, while preserving neighborhood character.*

relief measures under development agreements and planning for members' long term needs.

One of the most successful employer based programs is that of the El Segundo/International Airport area in Los Angeles. The case of the Oak Lawn area in Dallas is an excellent example of neighborhood private initiative and successful cooperation between residents/property owners, developers and City officials.

#### Dallas - Oak Lawn Area Transportation Management Plan

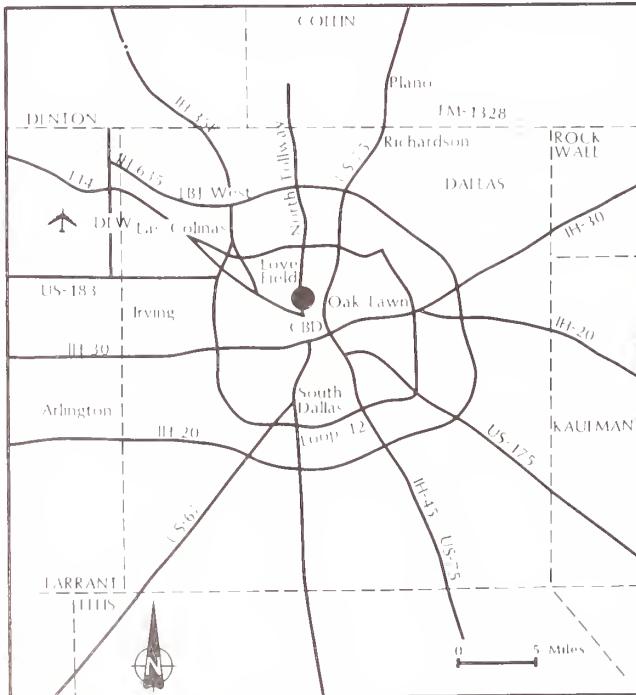
*The Oak Lawn area is a mixed-use neighborhood located immediately north of downtown Dallas. The area encompasses a broad spectrum of uses including old and new residential, office and commercial space.*

*The Forum area residents, businesses and developers have united with the City to form the Oak Lawn Forum. The association has pre-*

*pared a plan which recommends a system of traffic management activities including parking reductions for some land use categories, ridesharing and transit promotion. The plan's objective is to handle the projected increase in traffic, while preserving the neighborhood character.*

*The basic premise of the Forum leaders was that the streets currently were inadequate to serve increased development activity. Widening the streets according to the City's thoroughfare plan would be permanently disruptive to the neighborhood and still would not provide enough capacity to accommodate all the projected traffic.*

**The Ordinance - After a debate among City government agencies regarding the feasibility of the Forum's innovative views the City Council adopted a special district ordinance for the Oak Lawn area. The new ordinance reduced parking requirements and gave developers options to make payments into a transit fund for the development and operation of a bus shuttle system, or to prepare improved traffic mitigation measures such as ridesharing and bus pass subsidy programs for their individual developments.**



# Implementation of Ideas

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This section presents techniques to involve the private sector in the implementation process. These techniques are organized into three groups:

- o financing,
- o provision of transportation facilities, and
- o provision of transit services.

## Financing

The private sector contributes to the financing of transportation projects in a variety of ways, including financing area planning studies, developer donation of rights-of-way and highway improvements, and joint development of transit sites.

Cities can motivate private sector contributions by offering to relax building and zoning codes in exchange for a developer's contribution of infrastructure improvements. Traffic impact fees and special assessment districts also have been used as means of obtaining private funding.

Employers become involved to attract and retain employees and to improve morale and productivity.

### Joint Development Ventures

In a joint development project, a local public agency may participate with a private developer in a transit or a highway project and may share in the project's equity, as well as receive a percentage of its income. The amount of income realized by the agency is dependent upon the demand for lease space.

**Transit** - Joint development of station sites often occurs because a developer realizes that a transit system will bring new consumers and employees into an area, enhancing the value of the surrounding real estate.

Revenue is generated for the transit agency, if it acquires land adjacent to transit stations at preconstruction prices.

Once a station is completed, the agency leases or sells the air rights over a station at a higher price to developers. Additional benefits are expected to be generated from increase in ridership as a result of joint development. The cities of Washington, D.C., Portland, Atlanta, and San Diego view joint development as an important contribution in both economic and urban planning terms.

**Highways** - Leasing has been used successfully with highway projects. California has the largest State freeway land development program. The Massachusetts Turnpike Authority has negotiated an air rights lease for a 9.5 acre commercial development at Copley Place in downtown Boston.



Copley Place, Boston

**Washington, D.C. - Metrorail**  
*The Washington Metropolitan Area Transit Authority (WMATA) has an aggressive expansion plan for its rail service, Metrorail. So far, WMATA has secured six joint development agreements with private developers, and expects to realize joint development opportunities at 50 additional station sites over the next 10-20 years.*

**Van Ness/University Station - One of the four completed joint development projects is located at the Van Ness/University of District of Columbia station on Connecticut Avenue. Prudential Insurance Co. of America leases 1.5 acres from WMATA for an initial term of 50 years on this site.**

Prudential completed construction of a 200,000 square foot, office and retail building in the spring of 1983. The project incorporates an upgraded level for a 24-space bus and ride facility, as well as weather protected bus bays at the rear of the building.

**Revenue** - Although Prudential is paying WMATA an annual rent of \$250,000, WMATA is not yet receiving any additional revenue from the percentage of net profit clause in the contract. Prudential had leased only 60 percent of its space due to unfavorable conditions in the real estate market. WMATA expects to receive a total of \$3.5 million in direct income from all joint develop-

ment system interface projects during FY 1986. Direct annual income from joint development is expected to grow to \$12 million when the final stages of Metrorail are operational.

#### **California - Air Space Leasing and Development Program**

*The California legislature created the Airspace Leasing and Development Program in 1961, to be administered by the California Highway Commission. A few general procedures were established although the program remained unstructured until 1969 when the Highway Commission appointed a five member Citizen Airspace Advisory Commission. The Commission*

*was responsible for developing guidelines and procedures to promote private development along the State's highways.*

*In 1979, the Program again experienced re-emphasis and expansion, as the need for non-Federal funding became a major planning issue. The Program has continued to expand, with FY '85 a gross return in excess of \$5.8 million and net income of \$4.8 million.*

*The program now offers both short- and long-term leases. One long-term lease example is the Hotel Los Angeles, a \$20 million facility nearing completion on the Hollywood Freeway.*



Metrorail, Washington, D.C.

*Special assessments provide a system whereby those who benefit pay for part of the transportation improvement.*

## Vendor Financing

This technique uses a single performance based contract for the design, guideway construction, vehicle manufacture and communications/control systems for light rail systems. Cost savings from manufacturer participation achieved through competitive bidding have been estimated to be 8 to 10 percent per project.

The vendor may be granted a franchise for operating the system in exchange for the right to recover system revenues and possibly to reap joint development benefits from the system's construction.

Other vendor financing support could involve transfer of import/export credits, leverage leasing, dedicated engineering cost support and cost discounting.

In New York, the Metropolitan Transportation Authority has successfully used vendor financing for the procurement of subway cars from Bombardier, Ltd.

## Benefit Assessment Districts

A benefit assessment is a fee on properties within a specified district in order to pay for all or a part of specific improvements made within the district. The boundaries of the district are defined to include all properties spe-

cially benefitting from the improvement. Special assessments provide a system whereby those who benefit from the public development of the improvement pay for those improvements commensurate with the value of the benefits to be realized.

The rates usually are based on property and floor area. State enabling legislation usually is required before a transit agency, or another local entity, can levy special assessments.

Two well publicized examples include the financing of a people-mover in downtown Miami and a transit mall in downtown Denver.

### Miami - Metromover

*Downtown Miami chose the people mover as a solution to its urban mobility problems. The Dade County Manager commissioned a*

*study group, comprised of public and private representatives, to examine funding alternatives. This is an example of early private sector involvement in financial planning.*

*The study group recommended the use of a special benefit assessment district to fund a portion of the \$145 million system. The Board of County Commissioners passed an enabling ordinance in 1983. The \$20 million portion of construction to be funded by the district was to be supported by a bond issue.*

*First year rates were 18 cents per square foot of net leasable office space and are expected to decrease to about 10 cents per square foot as office space increases in the area. Churches and Federal buildings are exempt from the charges. The district includes over 700 properties, or 16.78 million square feet of net leasable space.*



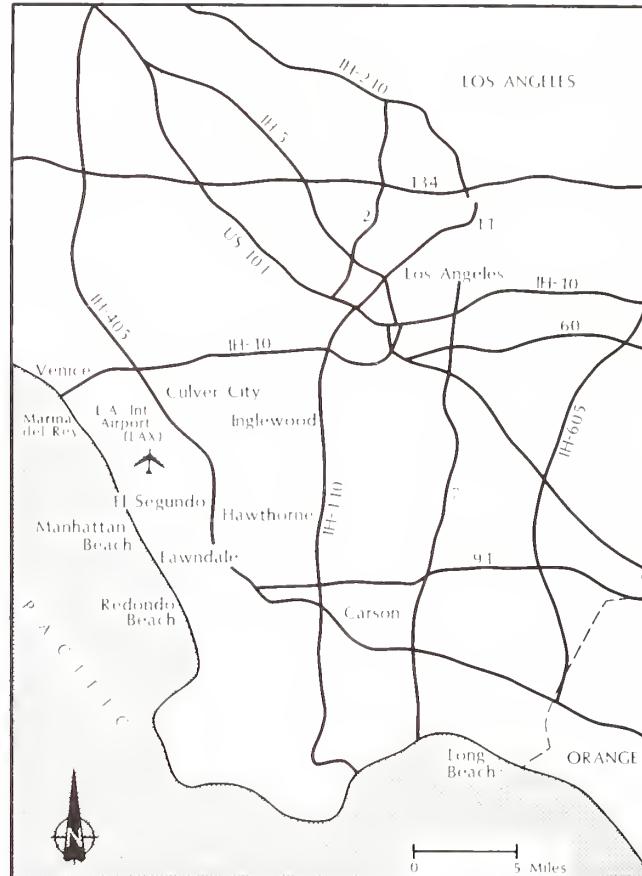
## Dedications and Fees

Private sector dedications are based on ad hoc negotiations to meet government specifications, in the case where traffic impacts exceed threshold levels of service. Dedications range from installing traffic signal improvements to widening roads and building overpasses. Newport Beach, Rhode Island and Palm Beach County, Florida have instituted traffic performance standards for dedication of roadway improvements.

Fees are legally authorized cash contributions negotiated as a condition of development approval. North Dallas developers have negotiated on an ad hoc basis a fee with the City. The Los Angeles International Airport Coastal Corridor Development Fee Ordinance is an example of such an institutionalized measure implemented in order to issue building permits.

**Los Angeles - LAX Coastal Corridor Development Fee Ordinance**  
*The Los Angeles International Airport (LAX) Corridor encompasses 34 square miles in one of the fastest growing areas of Los Angeles. Within the next ten years an addition of 41 million square feet of office, commercial, industrial and residential development has been proposed.*

*The projected growth would lead to further deterioration of the area's major thoroughfare network unless*



*major improvements are implemented. The area encompasses nine jurisdictions.*

**The Ordinance - The Hughes Corporation and other major developers in the LAX Corridor have reached agreement with the Los Angeles DOT to pay a one time fee to cover needed transportation improvements. The fee levied by the City would be equal to \$2,010 per p.m. peak hour trip generated or the equivalent of \$5 per square foot. The City DOT expects the fund to provide approximately \$9.5 million annually.**

*A newly adopted city ordinance authorizing this fee provides developers with opportunities to exempt a certain percentage of trips generated from the fee, if they institute trip reduction measures. The improvements must be installed before*

*building permits are issued. The ordinance also encourages credits for investments into a proposed light rail system.*

*The costs to be borne by the Hughes Corporation are approximately \$10 million for projects to be completed during the next 10 years. An additional \$50 million will be contributed to cover on-site transportation costs. Development fees comprise 40 percent of the overall cost of projected traffic demand.*

*The Coastal Transportation Coalition, a broad-based alliance of business, developers and residents in the LAX Corridor, acted as a coordinator between the coalition members and the Los Angeles DOT in drafting the adopted ordinance.*

### TEXAS TRANSPORTATION CORPORATIONS

Proposed and Actual Project Levels

AREA	Value of Donated R-O-W  (\$ million)	Total Project Value  (\$ million)	Approximate Total Lane Miles
Austin	\$ 52.5	\$ 171.5	198.0
Dallas-Fort Worth	228.8	904.3	496.4
Houston	205.5	895.0	1,078.0
San Antonio	6.0	93.7	60.0
<b>TOTAL</b>	<b>\$495.8</b>	<b>\$2,003.0</b>	<b>1,807.0</b>

*The Ordinance underwent a cooperative review process. However, differences in growth control attitudes between the City of Los Angeles and the surrounding jurisdictions may present an impediment in successful implementation. Although the Southern California Association of Governments (SCAG), the MPO, participated early in the planning process, it can only monitor implementation and has no authority to foster regional cooperation.*

## Highway and Transit Facilities Provision

The owner of a property who will benefit from a highway interchange or a guideway station may be willing to voluntarily share the cost of constructing the interchange, the station, connector fees, or right-of-way dedications.

### Road Utility Districts (RUDs)

Recently passed by the Texas legislature, the RUD act allows property owners to form districts similar to those for municipal utility districts (MUDs) to finance and build roads on their properties. A similar bill has been passed in Colorado.

**Texas - Road Utility Districts**  
*With extensive growth and development in previously undeveloped parts of Texas, developers joined with legislators to draft and lobby for passage of the RUD Act during the summer of 1984. This legislation allows for tax-exempt financing districts to provide for road development.*

*Through a consortium of property owners, application can be made to the Texas Department of Highways and Public Transportation (SDHPT) to establish a RUD. Upon approval, a Board is appointed, with the power to assess ad valorem taxes to support the tax-exempt bonds.*

**Benefits - The benefits from RUDs are threefold:**

- o costs, both dollar and time, are lower than traditional road development for the property owner,*
- o the end user receives a lower pass-through cost, resulting from the lower interest rate on the bonds, and*
- o the governmental entity benefits by receiving the improved road upon completion, at no charge.*

*Major developers in Houston, Dallas and Austin have plans or applications pending for approval.*

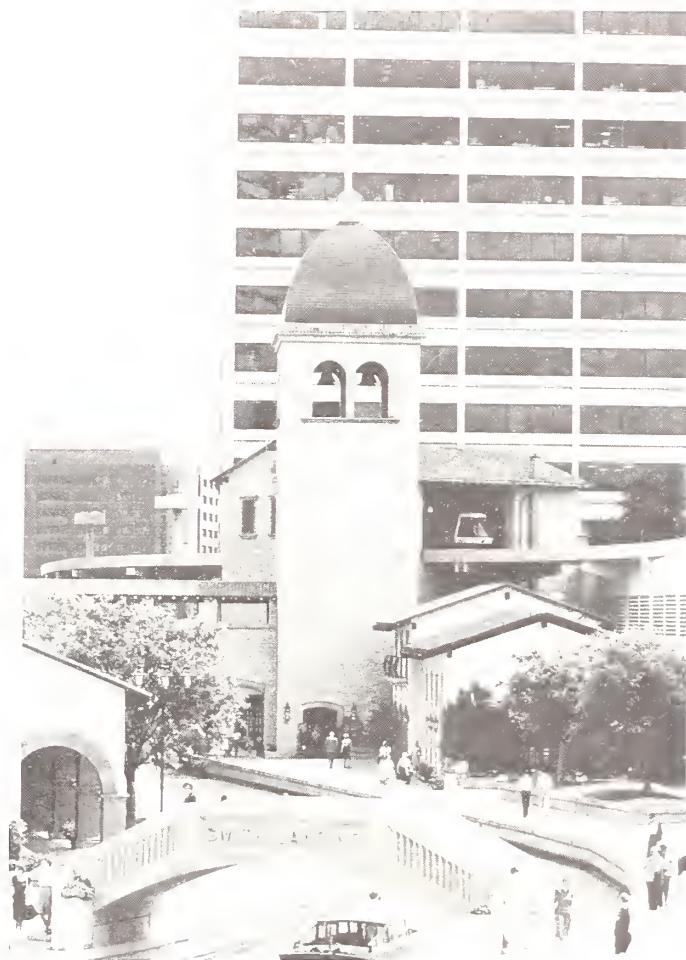
### Donations of Right-of-way

Historically, developers may have donated right-of-way property to facilitate public approval of a project. The Texas Transportation Corporation (TTC) Act created a mechanism by which right-of-way can be donated for a public road and its value claimed as an income tax deduction. A TTC also can design and construct a highway facility.

### Texas - Transportation Corporations

*Texas has also taken a substantial step to encourage private participation in highway development through the drafting and passage of the TTC Act during the summer of 1984. A TTC allows an owner or group of property owners to donate property for right-of-way, in exchange for tax deductions.*

*The Corporation is established, maintained and overseen by the SDHPT. Donations of this type were legally made in the past, but the TTC Act establishes the mechanism for SDHPT cooperation and lends legitimacy to the tax relief.*



Las Colinas People Mover

Source: Las Colinas Corporation

**Houston - The Grand Parkway Association in Houston is the first TTC established in Texas. This Corporation will promote the construction of a 155-mile scenic parkway around Houston through the donation of land. Already 95-miles of right-of-way have been donated, as well as the initiation of engineering studies and the setting of dates to let the first contracts.**

*The private sector is proposing to donate approximately a total of half a billion dollars for \$2 billion worth of projects in three major Texas cities.*

### Construction of Facilities

Developer construction of extensions and improvements to a highway network, and occasionally construction of new facilities or privately supported small transit systems, are becoming more common in large activity centers.

The developer of the new master planned community of Las Colinas, Texas has included an elevated guideway transit system that will provide internal circulation for activities in the urban center when completed. The developers of

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Harbour Island, a mixed-used development on a site adjacent to downtown Tampa, constructed a people mover system to connect the development to the downtown.

Tysons Corner, Virginia provides a good example where developers have offered to build highway improvements at their own expense.

### Las Colinas, Texas - Guideway System

*The 12,500 acre Las Colinas master planned community located near the Dallas/Ft. Worth airport is developing a unique internal transportation system. The community is expected to accommodate a total of 150,000 employees as well as 50,000 permanent residents. Its urban center is expected to contain about 20 million square feet of commercial space, and four or five million are currently occupied.*

*The system's uniqueness lies in the fact that portions of the elevated guideway system are being built by the developers through whose sites the guideway passes. The system will eventually be 10-15 miles in length.*

*Las Colinas included the proposed transit system in its master plan because the transportation system, which will be connected with*

*The Harbour Island developer has totally financed a people-mover system to connect his development to downtown Tampa.*

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*DART's rail network, will be valuable as a marketing tool for the community.*

*The connecting lengths of the guideway, the transit system, and the operation of the system will be provided by the Dallas County Utility and Reclamation District. The system is expected to be operational in 1989. The district regularly schedules bond issues, and a portion of the money goes directly to the transit system.*

#### **Harbour Island/Tampa - People Mover**

*Harbour Island, situated just off downtown Tampa, Florida is being developed as a residential retail and office community. The development is expected to include about 4,500 dwelling units, 11,000 square feet of retail and 200,000 square feet of office space. An elevated guideway, one half-mile long shuttle transit system connects Harbour Island with downtown Tampa. The system is based on use of 100-passenger, air cushion supported vehicles.*

*The Harbour Island People Mover developed by the Otis Elevator Company was totally financed by Harbour Island, Inc. It was completed during the summer of 1985 and cost about \$7.3 million.*

#### **Tysons Corner, Virginia - Developer Construction of Road Improvements**

*Tysons Corner, in northern Virginia, is a new activity center with 13 million square feet of office and commercial space. One of the proposed developments is a \$500 million shopping center and 11 building office park.*

*The developers have offered \$16 million worth of road improvements to Fairfax County in exchange for zoning changes. The Tyson's Transportation Association representing major employers in the area has been consulted by the County for input on local mobility issues.*

## **Transit Service Provision**

Contracting with private businesses to provide transit services is now gaining in popularity. This recent trend to reintroduce competition in transportation is not a return to the pre-1960 transit monopoly conditions, but it is rather a means to allow the public sector to induce lower costs, increased market sensitivity, and more efficient, innovative services. The public sector retains full policy control.

Experience from Los Angeles has shown that private providers have been able to save 25 to 50 percent of public agency transit operator costs. However, cost comparisons are complex, involving such issues as the cost of capital and administrative services, the use of part-time or non-union labor and the quality of service.

However, relatively little private contracting currently takes place due to substantial political and institutional barriers. Therefore, most of the contracting has occurred for the provision of new services.

In Houston, 39 percent of commuter bus services are operated by private carriers. The Dallas Area Rapid Transit (DART) Authority, in an effort to quickly expand its bus services, signed a contract with Trailways Commuter Transit to provide peak hour commuter service. Westchester County, NY began contracting with 16 private operators more than 10 years ago.

The most frequently practiced contracting is with demand-response services using small vehicles (vans or mini-buses). This is common particularly among local governments in California but



other cities, like Phoenix and Norfolk, have also used them successfully.

#### **Dallas - Commuter Transit Contract**

*The City of Dallas has a history of strong commitment to business development and many positive experiences with public/private cooperation. DART was created in 1984 to provide a coordinated mass transportation system for the Dallas area.*

*The express bus service to be provided is one part of a transportation system that includes intracity bus service within the City of Dallas and eventually will include rail service. Based on cost efficiency considerations, the DART Board of Directors decided to consider outside providers for the express bus services.*

**Factors in Contracting - DART** considered the following major factors in contracting a private provider:

- o staff experience in transit provision,*
- o established service record,*
- o quality/efficiency of equipment, and*
- o ability to provide the new service quickly.*

**The Operation -** *The service started in September 1984 with 70 buses over nine routes linking the intracity bus system with the suburbs. In the first year ridership tripled and the fleet increased to about 300. The \$15.5 million contract is for a 3-year period, with options for two 1-year renewals.*

*Most of the service will be provided during the peak rush hours, although several lines may operate all day. The schedules, routes and fare structures are set by DART.*

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### **Los Angeles - Transit Privatization**

*In October 1985, The Southern California Rapid Transit District (SCRTD), the largest and most experienced public transit agency in the region, adopted a policy intended to match the goals of the Los Angeles County Transportation Commission (LACTC) and advance privatization in the Los Angeles area. LACTC is a new, rapidly growing and aggressive agency that favors privatization.*

*The SCRTD board adopted a four point privatization policy.*

- o cooperate with other transit providers in the District adopting a role as broker and coordinator,*
- o establish board level and staff level committees to work with other agencies and private providers to expand privatization,*
- o attempt to resolve labor issues which currently impede subcontracting and service brokering, and*
- o support transportation zones that supplement the regional transit system.*

**Transportation Zones - State legislation enables transportation zones to be established to serve areas where the local operator cannot provide adequate cost effective services. These zones are designed to supplement the regional service in localized or high density areas.**

*As in the case of Proposition A funds, it is likely that zone services would be provided by private operators to speed implementation and to minimize administrative involvement, thus saving money.*

*The SCRTD board and staff feel that it is in the best position to coordinate transit services throughout the region. They have suggested the formation of a transit brokering mechanism which would provide for a highly organized and complementary regionwide transit service with the maximum opportunity for private operator participation.*

**LACTC's Set Aside Fund -** *The LACTC has taken a direct step toward privatization. Five percent of the Proposition A funds (administered by LACTC) have been set aside in an incentive fund exclusively to finance private operator subcontracted services. At least two routes have been financed from the fund and several more are proposed.*



*Separation of policy from operations and decentralization of transit services are expected to increase opportunities for competition.*

### Separation of Policy from Operations and Decentralization of Services

The strategies of separation of policy from operations, and decentralization of transit service are expected to increase opportunities for private operators to compete with the public sector in providing transit services.

Minneapolis/St. Paul, Dallas and San Diego are three areas that have separated the policy-making from the operating role.

It is no longer accepted that regional services provide greater economies of scale. In fact, the reverse may be true. The Chicago area recently decentralized services. In the Washington, D.C. area, Montgomery County, Maryland has chosen to own and operate RIDE-ON, its own neighborhood transit service.

#### Minneapolis - St. Paul - Regional Transit Board

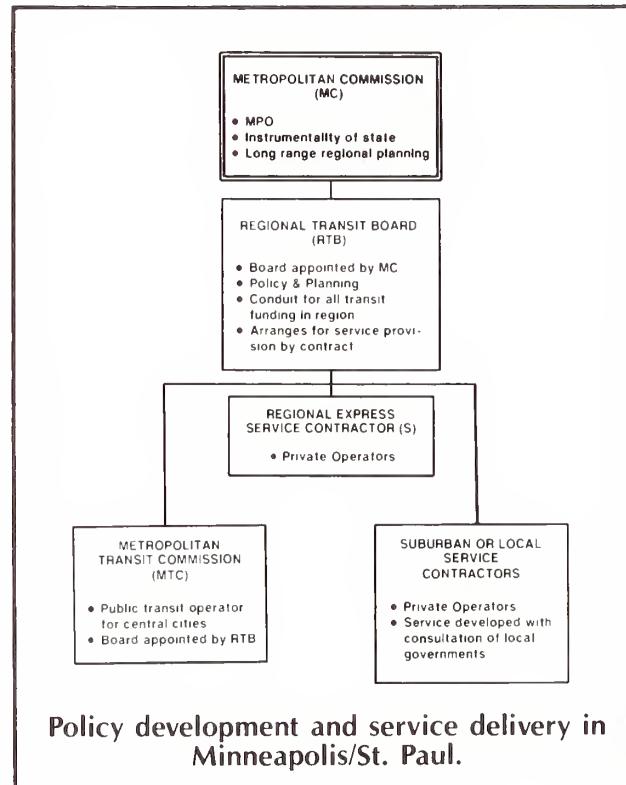
*The Metropolitan Council of the Twin Cities Area (the MPO) initiated a study to address the problem of operating deficits in 1982. The findings of the study were that the transit services provided by the Metropolitan Transit Commission (MTC) are cost effective in the central cities but not in the suburbs,*

*and in fact the rising costs of operation could largely be attributed to the expansion of services to suburban areas.*

*Several options were identified to improve the cost effectiveness of transit services, such as contracting out higher cost routes, using demand response ride sharing, and reorienting routes to time-transfer points.*

*However, it was felt that it was difficult for MTC to remain objective in planning both for areas too costly for them to service effectively, and for private providers that would compete with MTC service.*

*The study recommended the separation of service delivery and policy-making functions, both of which were held by the MTC.*



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**State Legislative Actions - In**  
*repose, the State legislature passed  
a bill in 1984 to establish a  
Regional Transit Board in order to  
handle the planning and coordinat-  
ing functions separately from MTC's  
service delivery. This would make  
private sector competition as well as  
competition from other public  
agencies a greater possibility.*

**Chicago - Regional  
Transportation Authority**  
*The Illinois State legislature has re-  
cently rewritten the Regional  
Transportation Authority (RTA) Act  
or legislation. The restructuring  
came as a result of perceived under-*

*representation of suburban com-  
munities in policy and service  
decisions.*

*The new structure provides for an  
overall RTA board for the region.  
In addition, there are three "service  
boards" covering commuter rail,  
suburban bus and Chicago Transit  
Authority (CTA) operations. The  
separation of policy from operations  
is expected to lead to increased pri-  
vatization. Another development  
has been the recent change, by CTA,  
of elderly and handicapped services  
from in-house provision to private  
providers.*



# Conclusions

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This section summarizes the findings of the case studies and recommendations for increased effective involvement of the private sector at the State, regional and local level.

## Major Findings

### What, Where, Why and How

#### **Businesses and Developers**

Business and developer involvement occurs for different reasons in a variety of areas.

- o Developers and property owners in the Oak Lawn area in Dallas, and developers in the Los Angeles coastal corridor area have directly collaborated with public agencies to resolve transportation problems caused by rapid growth.
- o Business leaders in Cleveland decided it was necessary to work closely with the City to address the problems of deteriorating infrastructure in an economically depressed area.
- o In the northern suburbs of Chicago, business representatives from area municipalities have joined together to develop a transportation plan to address common needs.

- o Developers and major employer associations have become involved in order to fill a perceived void in providing adequate transportation services or to propose alternatives. This was found to be the case in Dallas, Cleveland, Chicago and Houston.
- o Although most of the cases studied concentrated on major, areawide private sector participation efforts, the majority of the public/private partnerships occur on a project by project basis.

Successful partnerships involving public officials, property owners and business leaders have produced innovative solutions to conditions of traffic congestion and the cities' financial limitations.

- o In the Oak Lawn area in Dallas the interaction between the developers, property owners and the City has brought about fresh ways of addressing traffic congestion.
- o Communities such as Los Angeles and Chicago, faced with shortages in sources in revenues are beginning to explore innovative techniques of raising funds through traffic impact fees from developers.

#### **Private Transit Providers**

Private providers have been offered more opportunities to participate in providing public transit services. Such opportunities tend to occur in places where there are:

- o special transit funds administered by independently established agencies,
- o a large pool of qualified and effectively organized operators, and
- o a need for service expansion.

When small private transit operators in Chicago organized, coordinated their activities and lobbied for their interests with one "loud" voice they were able to produce results. What happened in Chicago can be attributed to the fact that the area has one of the largest number and best organized group of private operators.

Given a large number of qualified operators to compete and a program properly administered and monitored, private contracting can produce significant cost savings. Making service design more responsive to market preferences, by leaving a much larger share of decisions to private operators, can also improve operations. Southern



California cities that have contracted transit services to private operators have saved up to 50 percent of their operating costs.

#### MPO

The role of the MPO in involving the private sector in the cases studied has primarily been in the area of data provision and technical assistance. However, in Chicago, the MPO went a step further and increased the private operator's participation in planning by appointing a representative from the private operators to the MPO policy board.

Regional planning agencies serve important functions in transportation coordination and development of regional consensus; however, in most cases they are

too far removed from implementation and have too many political jurisdictions to appease. It is the local government agencies that usually have the authority and qualifications to negotiate with the private developers.

The Los Angeles Fee Ordinance, the northern suburbs of Chicago Plan, and the Cleveland cases point to the need for inter-jurisdictional agreements as a key to the success of regional transportation policies.

#### Lessons From Private Involvement in Planning

One lesson that emerges from the many successful cases reviewed in this report is that there is no single form of private sector involve-

ment that can be applied to all jurisdictions. The particular forms of participation and procedures are subject to local laws and conditions. For example, municipalities like Dallas prefer to use informal negotiations and bargaining on ad-hoc basis to persuade developers to contribute towards the cost of transportation improvements, while Los Angeles has institutionalized the process by creating a set of statutes, standards and ordinances. When the private sector assumes greater involvement in the formulation of plans, it has a stronger interest in seeing those plans carried out. The examples in Cleveland, Oak Lawn and Houston support that conclusion.

Experience has shown that some of the most significant private involvements in planning have taken place informally. In the cases of Oak Lawn, Cleveland and Chicago, private sector plans were drafted independently of the formal transportation planning process. Houston's regional mobility planning started as, and is continuing to be, an independent effort outside of, but coordinated with, the established structure of public planning. Informal organizations often have been found to play a more crucial role than the traditional formal structures in facilitating project implementation.

*Some of the most significant private involvements in planning have taken place unofficially.*

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One of the greatest assets that major corporate leaders have to offer is their time, "clout" and persuasive powers when lobbying for support of community transportation plans from legislators and other public officials who control the allocation of funds. The cases in Cleveland, the northern suburbs of Chicago and Houston are successful examples of what is possible.

### **Factors that Impact Public/Private Partnerships**

Many factors impact the development and success of the growing proliferation of public/private efforts in transportation. Some of the factors are:

- o The communications gap between the public and private sectors - Public officials occasionally feel threatened that business will usurp their decision-making authority.
- o The lengthy decision-making process of the public sector - The private sector doesn't have the time for such involvement.
- o Public agencies have little incentive to be efficient and innovative - Established operating agencies with a strong public service orientation are reluctant to change practices

and to give any of their service areas to private operators.

- o Bureaucratic red tape discourages private involvement.
- o Accountability in public decision-making - Private participation in decision-making may be perceived as a conflict of interest.
- o Labor restrictions - The UMTA 13c requirements have restricted the freedom of transit agencies to award competitive contracts to private providers.

During recent years UMTA has consistently promoted policies to overcome the barriers to private transit operators participation in service contracting and to ensure that the private sector has its views considered early in the development of urban transportation plans. Such policies are already producing positive results.

### **What Can the Private and Public Sectors Do?**

The recommendations that follow are designed to primarily assist public officials involve the private sector in urban transportation. Local goals and characteristics will

shape the final techniques to be adopted. Both the public and the private sectors must play an active role in order to make partnerships succeed.

### **Private Sector**

There are several initiatives that the private sector can generally undertake:

- o Increase communications with government transportation organizations in order to better understand how the public transportation planning process works. At the same time, there is a need to inform the public agencies about ways to improve public operations that affect business interests.
- o Establish appropriate organizational structures to represent private sector interests. Small businesses (such as transit providers) need to be organized, coordinate their activities and lobby for their interests. Local chambers of commerce or area property owners and developers associations may play such a role.

Business and community groups should:

- o Actively encourage and assist government agencies to update or develop mobility plans,

*Public/private partnerships have produced creative and innovative transportation and financial solutions.*

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- which also address private sector interests.
- o Actively support the implementation of such plans.

Real estate developers can:

- o Promote their interests and expedite the completion of projects by contributing to construction and financing of facilities related to their properties.

Private transit operators should:

- o Take advantage of the increased opportunities in the area of transit service contracting.

- o Provide enabling legislation authorizing local governments to institute land development regulations, special assessment districts and tax incentives, and obtain dedicated exactions, improvements and/or donations from developers and property owners. The Texas Transportation Corporation and the Road Utility District Acts have been very successful in that respect.
- o Give priority for projects that have a higher ratio of private to public funds, provided that all other conditions are met so that "special interest" projects do not overpower other "worthy" projects. California and Texas have successfully instituted such measures.
- o Separate policymaking from operations given the encouraging results in Minneapolis/St. Paul, and Chicago.

#### **Regional Level**

MPOs deal with overall mobility issues and often coordinate general private sector involvement as a part of the Regional Transportation Plan and the Transportation Improvement Program.

- o Continue to invite private sector representatives to serve in existing technical advisory committees and task forces.

### **Public Sector**

It is in the interest and within the power of public officials to promote private sector participation. Government agencies should develop an open, fair and consistent policy of private sector involvement, while allowing for flexibility in individual negotiations. The business sector should be given the opportunity to participate in designing and implementing their involvement.

#### **State Level**

States can improve the success of private involvement in urban transportation if they:



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Local officials in the cases studied feel that the existing planning structure already provides an opportunity for private sector participation.

- o Research the feasibility and effectiveness of privatization efforts. The MPO's impartiality and research orientation qualifies them well for that task. The Southern California Association of Governments is an example of an MPO which has done such research.
- o Provide liaison staff which is in active contact with the private sector and is used to channel input into the ongoing planning process. Several MPOs are becoming active in this respect.
- o Allow private interests to participate in early phases of the planning process, as in the Chicago MPO.
- o Provide technical assistance to private organizations to prepare their own plans and participate in the planning process. The City of Dallas was a partner in the preparation of the Oak Lawn Plan.
- o Use business executives to lobby for public and private support of transportation plans, as was done in Cleveland.
- o Expedite the review process.
- o **Provide zoning or tax incentives to encourage donations and dedications from developers.**
- o **Encourage private operators to compete for the provision of new transit services.**
- o **Restructure transit operations by decentralizing services, and giving funding power to new policy-oriented agencies which are willing to explore privatization.**
- o **Establish a methodology for uniform cost comparison so that all local transit entities view the relative merits on the same basis.**

#### **Local Level**

Local governments have the power to implement public/private partnerships. They can:

- o Educate the private and public sectors about the opportunities for private involvement.



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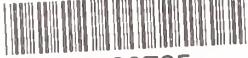
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